



## **Agenda Item 8**

December 12, 2012

**ITEM NAME:** Proposed Revision to Performance and Compensation Committee Delegation Resolution

**PROGRAM:** Human Resources

**ITEM TYPE:** Action

### **RECOMMENDATION**

Approve recommendation from the Performance and Compensation Committee to amend the Performance and Compensation Committee Delegation to include Talent Management

### **EXECUTIVE SUMMARY**

This item presents a recommended revision to the Delegation Resolution of the Performance and Compensation Committee, to expand the Committee's authority to include oversight of enterprise talent management

### **STRATEGIC PLAN**

This agenda item supports Goal B of the 2012-17 Strategic Plan, which is to cultivate a high-performing, risk-intelligent and innovative organization. This includes a specific objective to recruit, retain, develop and empower a broad range of talents against organizational priorities, with a specific initiative to develop and implement a comprehensive talent management strategy that includes recruitment, retention, knowledge transfer and succession planning of highly-skilled executives and staff to the benefit of the CalPERS organization as a whole.

### **BACKGROUND**

At the November 2012 Performance and Compensation Committee, a discussion was held related to CalPERS ability to attract and retain talented staff with specific skillsets and competencies required to fulfill the CalPERS mission. Staff was subsequently directed to present an agenda item to the Board to expand the scope of the Committee's authority to include talent management as a matter of the Committee's regular business.

This item presents recommended revisions to the Committee's Delegation Resolution to implement this expansion of the Committee's authority. This item also recommends that the Committee's name be changed to reflect the Committee's broadened purview.

### **ANALYSIS**

Talent management impacts, including recruitment and retention issues, are felt throughout a number of functional areas in the organization where positions exist that

require very unique or complex skillsets. These issues are not specific to the Executive and Investment classifications covered under the Board's compensation program, which are overseen and addressed by the Performance and Compensation Committee. Currently, talent management matters for the organization as a whole are not discussed at the Committee or Board level on a regular basis. It is recommended that the oversight of enterprise-wide talent management be delegated to the Performance and Compensation Committee.

An alternative would be to consider broadening the scope of the Finance and Administration Committee authority to include talent management. However, given the responsibilities currently held by the Performance and Compensation Committee and the Committee's familiarity with issues related to talent management, it appears to be the more appropriate forum for overseeing the talent management efforts for the organization.

The proposed revisions to the Committee's Delegation Resolution are presented in Attachment 1. In addition, it is recommended that the Committee's name be amended to reflect the widened scope of responsibility, as the Performance, Compensation and Talent Management Committee.

#### **BENEFITS/RISKS**

Ongoing talent management efforts would be reported to the Committee and Board on a regular basis, providing a regular venue for strategic discussions and oversight at the highest levels of the organization.

A risk associated with the Board not approving staff's recommendation would be the Board continuing the current practice of not having a designated venue for obtaining a comprehensive overview and receiving regular reports regarding ongoing enterprise-wide talent management endeavors.

#### **ATTACHMENTS**

Attachment 1 – Recommended revisions to the Performance and Compensation Committee Delegation Resolution

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